



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

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April 15, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

## ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

18 April 15, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

### CLARIFYING AND TECHNICAL ORDINANCE AMENDMENTS FOR DEFINED CONTRIBUTION PLANS (ALL DISTRICTS – 3 VOTES)

#### SUBJECT

This letter and accompanying ordinance will make amendments to the Defined Contribution Plan documents for the Termination Pay Pick Up Plan (TPP), the Pension Savings Plan (PSP), the Deferred Compensation and Thrift Plan (Horizons) and the Savings Plan (Plan or Plans), to (1) more clearly and completely reflect current administrative practices, (2) specify how distributions will be made from the TPP in the event of its termination, and (3) make certain technical amendments in order to preserve the tax-favored status of the Plans.

#### **IT IS RECOMMENDED THAT THE BOARD:**

Approve the technical and clarifying amendments as set forth in the accompanying ordinance amending Title 5 – Personnel of the Los Angeles County Code Sections 5.18, 5.19, 5.25, and 5.26.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The clarifying amendments described herein are consistent with current administrative practices and will result in a more complete and accurate description of Plan administration in the official Plan documents. The amendments will clarify: (1) that certain employees are not eligible for the PSP; (2) that distributions made upon a termination from employment will be made only if that termination is bona fide; (3) how employee contributions are suspended when a participant takes a hardship or emergency withdrawal from Horizons or the Savings Plan; (4) certain aspects of Plan loan administration; (5) the limitation on contributions once the Compensation and Eligible Earnings limit is reached, (6) procedures for allocation of Plan expenses, and (7) how distributions will be made

from the TPP in the event of its termination.

Finally, the technical amendments are required by law with respect to required minimum distributions and the Heroes Earnings Assistance and Tax Relief Act of 2008. Approval of these changes will preserve the tax-favored status of the Plans.

### **Implementation of Strategic Plan Goals**

The recommended changes are consistent with the County's Strategic Plan Goal of Organizational Effectiveness and demonstrate the Plan's adherence to regulatory compliance and fiduciary responsibility.

### **FISCAL IMPACT/FINANCING**

The aforementioned technical and clarifying amendments are administrative in nature and have no fiscal impact to the County or Defined Contribution Plan participants and beneficiaries.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Plans were established as tax-favored defined contribution plans that must comply with existing tax law and regulatory requirements. County Code Sections 5.18, 5.19, 5.25, and 5.26 serve as the federally required Plan documents which must be amended when necessary to maintain the Plans' tax-favored status and alignment with administrative practices. Under County Code Sections 5.18.430, 5.19.160, 5.25.110, and 5.26.500, the Board of Supervisors reserves the right, without consent of any Plan participant, beneficiary, or other person, to amend the Plan(s) in whole or in part, those Plan provisions which are not subject to negotiations with representatives of Represented Employees. The proposed ordinance changes have been approved as to form by County Counsel.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The adoption of the attached ordinance changes will preserve the qualified status of the Plans and align the Plan documents with current administrative practices, thereby, allowing the Plans to continue operating in the best interest of Plan participants and beneficiaries.

The Honorable Board of Supervisors

4/15/2014

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:BC:JA

MTK:SM:mst

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Treasurer and Tax Collector  
Human Resources  
Horizons Plan Administrative Committee  
Pension Savings Plan Administrative Committee  
Savings Plan Administrative Committee  
Termination Pay Pick Up Plan Administrative  
Committee